



April 3, 2013

Real Estate Tax Reform Working Group,
House Committee on Ways and Means
1101 Longworth House Office Building
Washington, DC 20515

Chairman Johnson, Vice Chairman Pascrell and Members of the Working Group,

Stewards of Affordable Housing for the Future (SAHF) represents twelve high capacity not-for-profit members who acquire, preserve and are committed to long-term, sustainable ownership and continued affordability of multifamily rental properties for low-income families, seniors, and disabled individuals. Since 2003, SAHF has promoted its members' shared notion that stable, affordable rental homes are critically important in people's lives. Together SAHF members provide homes to nearly 100,000 low-income households across the country.

As this working group considers tax reform, we are writing to urge you to protect affordable housing and the low-income residents who depend upon it. Affordable rental housing is scarce in many communities across this country and the demand is growing. HUD's *Worst Case Housing Needs 2011: Report to Congress* shows 8.48 million renter households experiencing worst case housing needs – meaning they live in substandard housing conditions or pay more than half of their income in rent. This is a 43.5% increase since 2007.

Low Income Housing Tax Credit

First, we urge this working group to preserve the Low Income Housing Tax Credit (LIHTC). Since the LIHTC program was created, it has been the most successful production program for affordable housing and without it there would be almost no affordable housing production at all. Over the past 26 years, the program has financed the development of over 2.6 million affordable rental homes for working families and vulnerable populations with special needs—the elderly, people with disabilities, and people who are homeless in a wide variety of communities across the country. The program creates approximately 100,000 units and 95,000 jobs annually. In addition, the LIHTC program is a critical example of a successful private-public partnership, leveraging nearly \$100 billion in private investment.

According to the National Low Income Housing Coalition's *Out of Reach 2013* report, the gap between wages and rents remains a serious issue across the country, making it difficult for low income renters to live in the cities and towns where they work. Without the LIHTC program, the only major affordable housing production program, this affordability problem would only get worse. Currently more than 40% of LIHTC apartments house extremely low-income households (earning at or below 30 percent of AMI) while almost two-thirds of LIHTC units serve households with incomes at or below 40 percent of AMI, well below the maximum permitted income levels.

Mortgage-Interest Deduction Reform

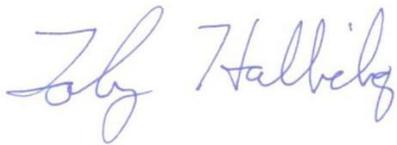
Second, we urge this working group to consider reforming the Mortgage Interest Deduction (MID) to better support middle class and lower income homeowners. The federal government provided over \$76

billion in 2009 and over \$83 billion in 2010 in tax deductions through the Mortgage Interest Deduction (MID). Approximately 78% of these deductions go to the top 55% of taxpayers who claim MID (those who have incomes of 100,000 or more). Unlike the LIHTC, which received approximately \$10 billion from the federal government in 2010, the MID is an extremely regressive and expensive deduction. SAHF believes savings from MID reform should go to providing additional affordable housing, particularly for extremely low-income households.

The demand for decent, safe and affordable rental housing is continuing to grow, particularly growing out of the recent foreclosure crisis, while the supply is severely limited. That is why it is more critical than ever for the federal government to ensure through tax reform that the most vulnerable in our country are protected and have access to housing assistance they need.

Thank you for your consideration of our comments. Please do not hesitate to contact Clare Duncan (cduncan@sahfnet.org or 202-737-5974) with any questions or comments.

Sincerely,

A handwritten signature in blue ink that reads "Toby Halliday". The signature is written in a cursive, flowing style.

Toby Halliday
Executive Vice President